

## Message Text

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ACTION EUR-12

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C O N F I D E N T I A L BERLIN 6224

USDOC FOR BEWT

E.O.11652: GDS  
TAGS: EEWT, PFOR, GE  
SUBJECTC VISIT OF GDR STATE SECRETARY FOR FOREIGN TRADE

REF: (A) STATE 125554, (B) BERLIN 6084

1. THE FORTHCOMING VISIT OF THE GDR DELEGATION TO THE  
"FIRST JOINT SESSION OF THE US-GDR AND GDR-US ECONOMIC  
COMMITTEES" WILL BE BEIL'S THIRD THIRP TO THE US SINCE  
RECOGNITION, AND HIS FOURTH IN ALL. SOME OF THE ELEVEN  
PEOPLE ACCOMPANYING HIM HAVE BEEN IN THE U.S. PREVIOUSLY  
WHILE OTHERS HAVE NOT. AMONG SENIOR DELEGATION MEMBERS  
WHO HAVE NOT BEEN THE U.S., AT LEAST IN THE POST-  
RECOGNITION PERIOD, ARE SCIENCE AND TECHNOLOGY STATE  
SECRETARY STUBENRAUCH WHOM DEPARTMENT WILL RECALL WAS  
INVOLVED WITH VISITS OF COMMERCE SECIENCE AND TECHNOLOGY  
ASSISTANT SECRETARY ANCKER-JOHNSON IN MAY 1976 AND  
WITH ASTRONAUT CARR'S VISIT IN JUNE 15-17, 1976; AND  
DEPUTY MINISTER OF MACHINE TOOLS AND PROCESSING MACHINERY  
HANS-WALTER GERLACH. DPEARTMENT WILL RECOGNIZE MOST  
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OF THE REST OF THE DELEGATION, LISTED IN BERLIN 6084,  
A VISA MESSAGE.

2. THIS VISIT REPRESENTS A CULMINATION OF A STUBBORN,  
SINGLEHANDED EFFORT BY BEIL TO BRING INTO EXISTENCE  
A JOINT ECONOMIC BODY WITH THE UNITED STATE BUSINESS  
COMMUNITY, DESPITE SEVERAL OBSTACLES, INCLUDING

SKEPTICISM AND RESISTANCE ON THE PART OF SOME OF THE U.S. PARTICIPANTS. WHILE THE GDR WOULD NO DOUBT PREFER AN ARRANGEMENT WHICH WOULD INVOLVE SOME FORM OF OFFICIAL USG PARTICIPATION, BEIL CAN TAKE CONSIDERABLE SATISFACTION IN THE APPARENT SUCCESS OF HIS EFFORTS TO GET FIFTEEN OR SO GIANTS OF U.S. CORPORATE LIFE TO SIT DOWN WITH HIM IN WASHINGTON ON JUNE 14.

3. THE GDR FROM WHICH BEIL AND HIS COLLEAGUES WILL SET OUT NEXT WEEK IS THE MOST AFFLUENT COUNTRY IN COMMUNIST EUROPE. IT IS RELIEVED TO HAVE PUT BEHIND THE 1976 CROP FAILURE AND THE DREARY WINTER THAT FOLLOWED. DESPITE THE TRADITIONAL DEFICIENCIES OF COMMUNIST ECONOMIES, THE SHORT TERM ECONOMIC OUTLOOK IS FAIR TO GOOD, THAT IS TO SAY, THE PROSPECTS ARE GOOD THAT THE ECONOMY WILL CONTINUE TO MEET AFTER A FASHION THE DEMANDS OF THE POPULATION FOR A FUNDAMENTALLY WESTERN EUROPEAN STANDARD OF LIVING; AND INDUSTRY AND AGRICULTURE WILL CONTINUE TO GROW AND DEVELOP.

4. THE OUTLOOK IN THE LONGER TERM IS LESS BRIGHT, HOWEVER, AND SOME OF THE FACTORS RELEVANT TO THAT SITUATION FORM PART OF THE EXPLANATION OF BEIL'S EFFORTS TO BROADEN CONTACTS WITH BUSINESS IN THE U.S. DETERIORATING TERMS OF TRADE IN BOTH EAST AND WEST HAVE INCREASED SHARPLY THE QUANTITY OF OUTPUT THE GDR MUST EXPORT TO PAY ITS IMPORT BILL. WHAT THE GDR MOST NEEDS IN ECONOMIC TERMS, THEREFORE, FROM THE US, IS A MARKET FOR EXPORTS, ACCESS TO TECHNOLOGY THAT CAN BOOST CONFIDENTIAL

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PRODUCTIVITY, AND FINANCING TO BRIDGE THE GAP BETWEEN CURRENT NEEDS AND HOPD-FOR FUTURE PRODUCTION. THE STRUCTURE OF BEIL'S COMMITTEE, WITH ITS SUBCOMMITTEES ON "TRADE," SCIENCE AND TECHNOLOGY, AND FINANCE, REFLECTS PRECISELY THESE NEEDS.

5. BEYOND GDR ECONOMIC INTERESTS, THERE IS THE CONTINUING EFFORT TO ACCRUE TOKENS OF LEGITIMACY. WE EXPECT THEREFORE THE TRADE COMMITTEE MEETING WILL BE REPORTED EXTENSIVELY IN DOMESTIC MEDIA IN A WAY THAT SUGGESTS THE GDR IS AN EQUAL AND VALUED PARTNER OF THE IMPORTANT CORPORATIONS REPRESENTED ON THE U.S. COMMITTEE.

6. ON FOREIGN POLICY ISSUES, WE ASSUME BEIL WILL BE GUIDED IN HIS TALKS WITH U.S. OFFICIALS BY THE AIDE-MEMOIRE HANDED OVER MAY 12, WHICH REPRESENTS THE LATEST AND MOST COMPLETE STATEMENT OF GDR DESIDERATA IN THE BILATERAL RELATIONSHIP. THE DEPARTMENT WILL RECALL THAT THE AIDE-MEMOIRE ATTACHES CONSIDERABLE IMPORTANCE

TO HIGH-LEVEL CONSULTATIONS, AND TO THE DEVELOPMENT  
OF "TREATY" RELATIONS. WE PROVIDED COMMENTS IN  
BERLIN 6127, TO WHICH WE WOULD ADD ONLY THAT IF THE  
PARCEL POST AGREEMENT APPEARS TO BE NEAR COMPLETION,  
A BEIL MEETING AT THE DEPARTMENT COULD PROVIDE AN  
OCCASION TO CONVEY OUR INTEREST IN COMPLETING THE NEGOTIATION.

7. USG SPIKESMEN MAY ALSO WISH TO EXPRESS SATISFACTION  
AT THE RECENT RESOLUTION OF A NUMBER OF HUMANITARIAN  
CASES, ADDING THAT WE HOPE THAT AS CASES ARISE IN THE  
FUTURE, THEY AND TEMPORARY VISITATION CASES WILL  
BE HANDLED EXPEDITIOUSLY. OUR SIDE SHOULD EXPRESS THE  
HOPE THAT THE STATIONING OF COMMERCIAL SERVICE ENGINEERS  
FACILITATES GDR EFFORTS TO MARKET IN THE US. WE  
SHOULD NOTE THAT FOR OUR PART, WE CONTINUE TO BE INTERESTED  
IN TRADE PROMOTION IN THE GDR. WE INTEND TO HAVE SOME-  
THING INTERESTING TO SAY IN THE FIELD OF CHEMICAL  
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INDUSTRY AT THE FALL 1977 LEIPZIG FAIR, AND WE ARE PLEASED  
THE GDR HAS AGREED TO RECEIVE A TECHNICAL SALES SEMINAR  
ON "STORED ENERGY SYSTEMS" FOR LATER IN THE FALL. POLANSKY

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